

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 2944
INFO AMEMBASSY TOKYO
USLO PEKING
AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 06559

E.O. 11652: GDS
TAGS: PFOR, UK, CH, JA, HK
SUBJECT: MARGARET THATCHER'S TRIP TO THE FAR EAST

SUMMARY: MRS. THATCHER FOUND CHAIRMAN HUA SELF-ASSURED AND OBVIOUSLY IN CHARGE. CRITICISM OF THE USSR AND OF THE GANG OF FOUR FEATURED IN MOST OF HER CONVERSATIONS WITH CHINESE. THE PRC TRADE MINISTER EXPRESSED WILLINGNESS TO EXPORT NATURAL RESOURCES INCLUDING OIL. TO PROMOTE FOREIGN TRADE PRC WILL ACCEPT CREDITS FROM FOREIGN FIRMS BUT NOT INCUR GOVERNMENT TO GOVERNMENT DEBTS. MRS. THATCHER CAME AWAY FROM TOKYO CONSIDERABLY MORE SYMPATHETIC TO THE JAPANESE POINT OF VIEW ON TRADE BALANCES WITH THE EC. IN HONG KONG SHE WAS SINGULARLY IMPRESSED BY THE PROSPERITY. END SUMMARY.

1. DOUGLAS HURD, DEPUTY CONSERVATIVE SPOKESMAN ON FOREIGN AFFAIRS, BRIEFED POLITICAL COUNSELOR AND EMBOFF ITOH ON MARGARET THATCHER'S TRIP TO CHINA, JAPAN, AND HONG KONG APRIL 5-18. HURD, WHO SERVED IN PEKING AS A FOREIGN SERVICE OFFICER 1954-56, ACCOMPANIED MRS. THATCHER ON HER TRIP AS HE HAD ACCOMPANIED TED HEATH ON CONFIDENTIAL

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HIS TRIP IN 1974.

2. THE THATCHER PARTY MET WITH A NUMBER OF CHINESE LEADERS INCLUDING PREMIER HUA KUO-FENG, VICE PREMIER LI HSIEN-NIEN, MINISTER OF FOREIGN AFFAIRS HUANG HUA. AND MINISTER OF FOREIGN TRADE LI CH'ANG. VICE FOREIGN MINISTER LIU CHEN-HUA ACTED AS THE PRINCIPAL ESCORT FOR

THE GROUP. AND THE PRC AMBASSADOR TO THE UK, SUNG CHIH-KUANG, ACCOMPANIED THE GROUP TO A NUMBER OF THEIR APPOINTMENTS. THE OARTY ALSO HAD AN EXTENDED MEETING WITH MME. CHOU EN-LAI.

3. MRS. THATCHER WAS IMPRESSED WITH PREMIER HUA, WHO CONVEYED TO THE VISITORS A FEELING OF STRENGTH AND SELF-ASSURANCE, AND CLEARLY DISPLAYED A CONFIDENT MANNER WITH HIS SUBORDINATES. HIS CONVERSATIONS WITH MRS. THATCHER CENTERED UPON INTERNAL DEVELOOMENTS, AND HE GAVE A FRANK ACCOUNT OF EVENTS LEADING UP TO THE ARREST OF THE "GANG OF FOUR." HE COMMENTED ON THE DIFFICULTY OF ASSESSING HOW THE ARREST WOULD BE RECEIVED IN SHANGHAI AND THE PROBLEMS OF DEALING WITH THOSE DEEPLY ENTRENCHED IN SEATS OF POWER. MAKING A BRIEF COMPARISON BETWEEN CHAIRMAN HUA AND MAO TSE-TUNG, HURD NOTED HUA'S CONCERN FOR TANGIBLE, PRACTICAL ISSUES AS OPPOSED TO THE PHILOSOPHICAL QUESTIONS WHICH SEEMED TO DOMINATE CHAIRMAN MAO IN HIS LATER YEARS.

4. HURD SAID THAT THE PARTY HAD BEEN "DISAPOOINTED" WITH HUANG HUA, WHO HAD JUST OFFERED "ROUTINE STUFF." THEIR MEETING WITH HUAN HAD BEEN SOMEWHAT SHORTENED BY AN EXTENDED MEETING WITH MME. CHOU, IN WHICH THE LATE PREMIER'S WIDOW RAMBLED ON IN AN ANTI-SOVIET DISCOURSE. HURD NOTED THAT THE ANTI-SOVIET LINE WAS A CONSTANT ELEMENT IN ALL OF THE MEETINGS WITH PRC OFFICIALS, AS WAS CRITICISM OF THE GANG OF FOUR.

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5. VICE FOREIGN MINISTER LIU WAS DESCRIBED BY HURD AS AOPEARING TO HAVE VERY LITTLE INTEREST IN HIS GUESTS AND THE ISSUES THEY W ISHED TO DISCUSS. HURD FOUND LIU "VERY DIFFICULT". TO TALK TO. HURD WAS IMPRESSED WITH THE CHAIRMAN OF THE SHANGHAI COMMITTEE (NAME UNKNOWN), WHO HAD RECENTLY SERVED AS THE PRC AMBASSADOR IN BAQHDAD. HE HAD BEEN INSTALLED IN SHANGHAI AFTER THE PURGE OF THE LOCAL COMMITTEE IN OCTOBER, AND IMPRESSED HURD WITH HIS FRANKNESS AND "SMOOTHNESS."

6. HURD WAS ASKED ABOUT THE FATE OF TENG HSIAO-PING, WHO HAD BEEN THE HEATH GROUP'S PRINCIPAL CONTACT 2 1/2 YEARS AGO. TENG HAD NOT BEEN MENTIONED BY ANY OF THE PRINCIPAL PRC OFFICIALS. BUT A PRESS CONTACT TRAVELLING WITH THE THATCHER PARTY OFFERED THE VIEW THAT TENG WOULD BE IN LINE FOR SOME POST BUT NOT IN THE "NEAR FUTURE." THE ISSUE WHICH HAD PREVENTED TENG'S RETURN TO GOVERNMENT WAS EXPLAINED AS HIS REFUSAL TO ADMIT CERTAIN "MISTAKES" THAT HE HAD COMMITTED IN THE PAST.

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7. MINISTER OF TRADE LI CH'IANQ TOLD THE GROUP THAT CHINA WAS AGAIN INTERESTED IN FOREIGN TRADE, AFTER IT HAD BEEN INTERRUPTED BY THE "GANG OF FOUR." LI SAID THAT CHINA WAS PREPARED TO EXPORT NATURAL RESOURCES, INCLUDING OIL, FOR FOREIGN GOODS AND KNOWLEDGE. THE CHINESE WERE WILLING TO ACCEPT SUPPLIER CREDITS FROM FOREIGN FIRMS BUT WERE NOT GOING TO OBLIQUE THEMSELVES TO FOREIGN GOVERNMENTS. THE CHINESE EXPRESSED SOME INTEREST IN BRITISH HELP IN COAL MINING AND OFFSHORE OIL RECOVERY TECHNOLOGY.

8. WHILE THE CHINESE DID ASK MRS. THATCHER ABOUT HER IMPRESSIONS OF THE NEW AMERICAN GOVERNMENT, EITHER THEY NOR SHE HAD ANY CLEAR NOTIONS ON THE SUBJECT, ACCORDING TO HURD. TAIWAN WAS NOT MENTIONED IN ANY EXCHANGE, AND HURD WAS STRUCK BY THIS ABSENCE, IN CONTRAST TO HIS EXPERIENCE IN CHINA TWO DECADES AGO. LIKEWISE, THE SUBJECT OF HONG KONG WAS NOT MENTIONED IN CONVERSATIONS BETWEEN THE THATCHER PARTY AND THEIR PRC HOSTS.

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9. MRS. THATCHER WAS IMORESSSED BY THE OBVIOUS PROSPERITY OF HONG KONG DURING THE QROUP'S STOP THERE. //HURD OBSERVED THAT IT WOULD BE EXTREMELY DIFFICULT FOR THE PRC TO ASSIMILATE HONG KONG INTO THE CHINESE "BLOODSTREAM,...EVEN IF IT CHOSE TO TRY TO DO SO. TWENTY YEARS AGO, A HONG KONG OF 800.000 PEOPLE MIGHT HAVE BEEN ABSORBED LIKE SHANGHAI, BUT THE ASSIMILATION OF TODAY'S HONQ KONG OF 4 1/2 MILLION WOULD BE EXTREMELY UNLIKELY --ESPECIALLY WH HEN 85 PER CENT OF THE HOUSEHOLDS HAVE COLOR TV SETS.

10. HURD CONSIDERED THE STOP IN TOKYO THE MOST IMPOR- TANT STOP FOR MRS. THATCHER. IN TOKYO, MRS. THATCHER, ACCORDING TO HURD, HAD THE CHANCE TO MEET LEADERS WITH WHOM SHE WOULD BE DEALING WHEN SHE BECAME PRIME MINISTER (HE SAID "WHEN" NOT "IF"). SHE HAD RAISED THE ISSUE OF TRADE BALANCES WITH PRIME MINISTER FUKUDA AND HIS COLLEAGUES, AND HURD REPORTED THAT THEY HAD 'NODDED WISELY AND SYMPATHETICALLY" BUT WOULD NOT MAKE ANY COM- MITMENTS. FUKUDA OREDICTED THAT THE LONDON SUMMIT / WOULD REAFFIRM PLEDGES TO REFRAIN FROM IMPORT CONTROLS ON THE PART OF THE COUNTRIES REPRESENTED. HURD NOTED THAT MRS. THATCHER HAD TONED DOWN HER SPEECH TO THE JAPANESE AFTER STUDYING THE TRADE RECIOROCITY ISSUE IN SOME DETAIL. SHE HAD CONCLUDED THAT MANY OF THE OBJECTIONABLE OBSTACLES TO TRADE IN JAOAN WERE NOT REALLY THINGS THAT THE GOVERNMENT COULD CONTROL. IN THIS REGARD, MRS. THATCHER'S OWN POSITION ON THE TRADE ISSUE HAD BECOME LESS RIGID THAN THAT OF THE CGI AND OTHERS, AND MORE SYMPATHETIC TO THE JAOANESE.

1L. ASKED ABOUT THE JAPANESE VIEW OF THE NUCLEAR REPROCESSING ISSUE, TRADE MINISTER TATSUO TANAKA RE- MARKED UPON JAOAN'S STRICT SENSE OF RESPONSIBILITY IN THE HANDLING OF NUCLEAR MATERIALS. HE DESCRIBED THE JAPANESE AS CONCERNED ABOUT US POLICY INITIATIVES, BUT CONFIDENTIAL

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.'NOT DESOERATELY W ORRIED."

12. ON THE QUESTION OF THE JAPANESE-SOVIET FISHERIES TALKS. HURD MENTIONED THAT CABINET SECRETARY SUNAO SONODA HAD LUST RETURNED FROM MOSCOW BEFORE THE ARRIVAL COMPLICATED DOMESTICALLY BY THE UOOER HOUSE ELECTIONS AND INTERNATIONALLY BY THE PENDING TREATY WITH THE CHINESE. SONODA DID NOT SPECULATE ON THE POSSIBILITIES OF AN EARLY RESOLUTION OF JAPANESE DIFFERENCES WITH THE

SOVIETS.

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